

**NEW YORK UNIVERSITY**  
*A private university in the public service*

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**BONNIE BRIER**  
*Senior Vice President, General Counsel  
and Secretary of the University*

March 29, 2013

The Honorable Charles Grassley  
United States Senator  
Attention: Christopher Lucas, Esq., Oversight Counsel  
Senate Dirksen Office Building, Room 224  
Washington, D.C. 20510

Dear Senator Grassley:

On behalf of New York University ("NYU"), I acknowledge receipt of your letter dated March 15, 2013 to President John Sexton regarding former NYU employee, now Treasury Secretary, Jacob Lew and the related questions raised about NYU's compliance with the requirements for tax-exempt status. It is NYU's intention to voluntarily respond to your request, with sufficient information to enable you to evaluate the policy issues.

Per your request, I am today enclosing:

- (1) NYU's Form 990 forms from 2000-present. This completes Request 1.
- (2) Copies of: NYU's Bylaws; NYU's Charter for the Compensation Committee of the Board of Trustees; and the NYU Compensation Policy for Covered Individuals. These materials are partially responsive to Requests 3, 4, 6, 9, and 17. The Bylaws are a public document. NYU's Charter for the Compensation Committee of the Board of Trustees and the NYU Compensation Policy for Covered Individuals are private documents that have not been made public.

We will be providing other materials in response to your request in the near future. As you might imagine, it will take some time to supply information responsive to all of your questions.

NYU has engaged Steve Ryan and his colleagues at McDermott Will & Emery to assist NYU in its response to your inquiry. I understand he has already been in contact with your staff to advise that we are working on your requests and will continue to respond on a rolling basis, and he will provide you and your staff an update on these submissions at any point you wish.

I thought it might assist if I provide you an initial explanation at this time about the rationale for NYU's loan programs and the current Board processes for reviewing executive compensation.

**Loan Programs at NYU.** NYU is located in the highest cost-of-living area in the country. NYU loan programs are one part of an initiative that has transformed New York University over the last several decades from a regional, largely commuter, school to one of the top ranking research universities of the world. A core tenet of the transformation was to create a cohesive academic community – to have faculty, students, and senior administrators living near the campus where they can more readily commit to and interact in university life, including academic and extracurricular activities (and, in the case of senior administrators, where they can be available around the clock). To this end, NYU purchased and leased dormitories for students and acquired housing that it leased to faculty and senior administrators. Unable to provide sufficient housing for faculty and senior administrators, loan programs provide an important alternative means to enable faculty and senior administrators to acquire housing in New York City.

The creation of a vibrant and resident academic community has served to facilitate the heart of the transformation initiative – the recruitment of the “best and brightest” faculty and students from throughout the United States and the world. Recruiting and retaining accomplished faculty and senior administrators is critical to NYU's continued success and to its aspirations to continue to advance. NYU loan programs, while primarily targeted for the purchase of principal residences accessible to campus, also can assist in meeting other financial needs of the accomplished faculty and senior administrators that NYU seeks to recruit and retain in a highly competitive market for such talent. NYU's peer institutions typically also have loan programs and other housing assistance programs for faculty and senior administrators.

**Current Board Processes for Reviewing Compensation at NYU.** NYU's current Board processes for reviewing executive compensation meet and exceed established “best practices,” and, of course, also comply fully with the IRS “rebuttable presumption of reasonableness.” As you will note in the enclosed materials, the Bylaws of NYU delegate compensation issues to the Board's Compensation Committee:

#### **46. Compensation Committee**

The Compensation Committee will determine the compensation, including benefits, of the President and Chancellor, and review and approve the compensation, including benefits, of the other University officers as recommended by the President and Chancellor. In so doing, the Committee will seek to comply with best practices, including meeting the requirements necessary to obtain the rebuttable presumption of reasonableness under Section 4958 of the Internal Revenue Code, which includes considering appropriate data as to comparability, determining that the total compensation

is reasonable in light of the performance of the President and Chancellor or other University officer and the comparability data, and concurrently documenting the basis for the Compensation Committee's determination. The Compensation Committee also may review and approve the compensation, including benefits, for other members of the administrative and academic University leadership team, in each case as recommended by the President and Chancellor. The Committee will have the authority to review any University compensation matter it deems appropriate to fulfilling its responsibilities and will have full authority to retain, at the University's expense, compensation consultants, special legal counsel, or other consultants or experts it deems necessary in the performance of its duties. The Committee will perform such other activities as may be assigned by the Board. The Committee will meet at least twice a year and more frequently as desirable.

The Compensation Committee is comprised of six distinguished NYU Trustees who are actively engaged in carrying out their duties. The Board has approved the enclosed Charter and Compensation Policy for Covered Individuals, which we believe meet or exceed "best practices." Pursuant to the Policy, the Committee determines and approves the compensation paid to the President and reviews the compensation recommended by the President and/or his designees and approves (and may determine) the compensation paid for the following positions: Executive Vice Presidents, Chief Financial Officer, Dean of the Faculty of Arts and Sciences, General Counsel and Secretary, Provost of the University and any portal campus, Vice Chancellors, Senior Vice Presidents, Senior Vice Provosts, "Key Executives" under the NYU Medical Center Compensation Policy, Trustees, family members of the above who receive more than \$50,000 of compensation (excluding tenure track faculty members), and any other members of the University Leadership Team ("ULT") whose Total Cash Compensation exceeds the 90<sup>th</sup> percentile of the relevant benchmarks.

Each June, the Committee reviews the compensation for the entire ULT, approving the compensation of those persons whose compensation is required to be approved pursuant to the Policy; the compensation of the President is reviewed when a change to his compensation is being contemplated. In recent years, the Committee has engaged a highly regarded independent compensation consultant to prepare an extensive analysis of the compensation of each member of the ULT, including providing market comparability data from peer institutions, and evaluating and opining on the reasonableness of the proposed compensation arrangements for the upcoming fiscal year. Where persons whose compensation is required to be approved pursuant to the Policy receive raises or join NYU at other times of the year, the proposed compensation is similarly reviewed by the Committee.

Given NYU's size (the largest private research university in the country), complexity, global reach, and location in the highest cost-of-living area in the country, the NYU

Compensation Committee has established the following compensation philosophy, which its compensation consultant has determined to be reasonable and appropriate:

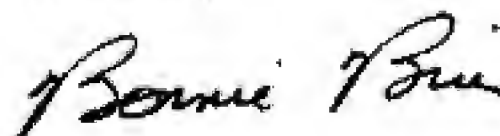
The University seeks to recruit and retain highly talented and accomplished leaders and administrators to the ULT. The University recognizes that it is located in one of the highest cost-of-living cities in the world and recruiting a diverse group of senior business leaders can be a challenge. As such, the University will typically position compensation in the top quartile of the relevant market, corresponding with the caliber of individual that the University will retain; and up to and including the top decile when justified based on each individual's qualifications, skills, experience, performance level and potential impact on the University.

Counsel advises us that the information we will be providing would be protected from public disclosure if the materials were provided to the IRS (Section 6103 and other provisions) or to Executive Branch agencies (FOIA exemptions), but that no such limitation governs the Congress. Accordingly, we respectfully request that you and your staff not release to the media or public any information relating to NYU employees not publicly disclosed in the Form 990 without compelling reasons to do so. Our counsel will be discussing with your staff the sensitivity of much of the data requested, including the particular importance of protecting personally identifiable financial information, such as Social Security numbers, addresses, and data that would, if inadvertently released, facilitate identity theft.

We respectfully request that staff contact Steve Ryan (202-756-██████; ██████@mwe.com) or, in his absence, his partner Paul Thompson (202-756-██████; ██████@mwe.com), as questions or issues arise.

Many thanks for your consideration.

Sincerely,



Bonnie Brier  
Senior Vice President, General Counsel  
& Secretary of the University